

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PA-02 PRS-01

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1796

UNCLAS MEXICO 06235

EO 11652: N/A

TAGS: EINV, ETRD, MX

SUBJECT: PRESIDENT LOPEZ PORTILLO COMMENTS ON MEXICAN
ECONOMY

1. IN AN INTERVIEW WITH A CORRESPONDENT OF A SPANISH PERIODICAL ON APRIL 26, PRESIDENT LOPEZ PORTILLO COMMENTED ON THE MEXICAN ECONOMY. HE STATED THAT INFLATION COULD BE ATTACKED TWO WAYS, FROM THE SIDE OF DEMAND OR THAT OF SUPPLY. MONETARY MEASURES GENERALLY WORKED ON DEMAND. MEXICO HAD SO MANY UNSATISFIED NEEDS THAT MEASURES TO REDUCE DEMAND WOULD RISK INJUSTICE AND SOCIAL PROBLEMS. HENCE, MEXICO WOULD ACT UPON SUPPLY AND FOLLOW POLICIES TO AUGMENT PRODUCTION, GIVING AS AN EXAMPLE THE TEMPORARY MODERATION OF SALARY DEMANDS BY ORGANIZED LABOR.

2. JLP WENT ON TO POINT OUT THAT DURING ECHEVERRIA'S ADMINISTRATION LABOR HAD RECEIVED SUBSTANTIAL WAGE INCREASES, HENCE HOLDING DOWN WAGES NOW WAS NOT UNJUST. INFLATION ATTACKED THE POOREST HARDEST AND THEY DID NOT HAVE THE ADVANTAGE OF BEING ABLE TO ORGANIZE THEMSELVES.

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3. WHEN ASKED IF THE PRIVATE SECTOR HAD NOT FULFILLED ITS PROMISES, JLP REPLIED, "YES, OF COURSE.", GIVING AS AN EXAMPLE THAT IMPORTANT BUSINESS GROUPS HAD ESTABLISHED PROGRAMS TO HELP SOLVE THE BIG PROBLEMS, INFLATION AND LACK OF JOBS.

4. JLP SAID THAT THE GREAT FOREIGN INDEBTEDNESS WAS

DUE TO MEXICO'S DEFECTIVE SYSTEM OF FINANCING DEVELOPMENT WHICH HAD TO BE CORRECTED. THE DEBT WOULD BE REDUCED; MEXICO HAD THE ABILITY TO PAY IT. MEXICO WAS PREPARING A BETTER SCHEME FOR FINANCING DEVELOPMENT WHICH WOULD HAVE TO TAKE ACCOUNT OF REDISTRIBUTION OF INCOME, PRICE-SALARY RELATIONSHIPS, FISCAL MEASURES, PROFITS, AND THE PROFITABILITY OF STATE ENTERPRISES.
THOMPSON

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Message Attributes

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Sent Date: 27-Apr-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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